



OSD, DIA and DOS review(s) completed.

27 SEP 1946

CONFIDENTIAL

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## GENERAL

1. British Foreign Office view of Stalin statement--According to US Embassy London, the Permanent Under Secretary of the British Foreign Office considers that Stalin's recent statements were designed (a) to reassure the Soviet people, who had apparently become too stirred up through internal propaganda; and (b) to keep going the controversy set off in other countries by Wallace's New York speech.
2. British press criticizes US "harshness" toward USSR--US Military Attache London reports that the British press has begun to criticize the US for its harsh attitude toward the USSR, and to advocate that the UK follow a middle course. The MA comments that this development follows the announcement of a new Anglo-Soviet trade agreement, and "smacks of old British balance of power tactics."
3. Swedish-Soviet trade talks reported "sticky"--According to US Embassy Stockholm, a Swedish delegate to the Swedish-Soviet trade negotiations in Moscow has told a US correspondent that the negotiations are becoming "stickier" day by day.
4. Violence feared as Iceland debates US base proposals--US Minister Dreyfus reports that the US negotiators have been unable to extract any commitment from the Icelandic Progressive leader, Hermann Jonasson, to vote for the modified US base proposals. Jonasson has, however, categorically denied that his party will work with the Communists and has predicted that the Althing will accept the proposals.  
Dreyfus also states that Prime Minister Thors believes that he can count on enough votes in the Althing for the US base agreement to "squeeze through." Thors fears, however, that a group which has been secretly organized and possibly armed by the Communists will cause serious trouble and may try to bar access to the Althing building. Thors is determined to distribute "his" men through any mob of demonstrators and throughout the Althing galleries, and hints that he has organized young Conservatives for "counter-measures."

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## EUROPE

5. USSR: Reaction to Stalin statement--US Military Attache Moscow reports that the Soviet public has readily accepted Stalin's replies to Alexander Werth and is relieved by the assurance that there is no danger of war and that the atomic bomb has been over-rated as a weapon.

US correspondents' views on Stalin statement--US Embassy Moscow has transmitted a joint report from representatives of five US news agencies to their principals containing the following observations: Stalin's remarks about the prospect of friendly relations with Great Britain are a long-expected maneuver designed to win the British away from the US, or at least to neutralize them in the power struggle between the US and the USSR. The remainder of his replies are merely a tactical deviation intended to promote pro-Soviet opinion in the US and Britain and are in complete contradiction to internal Party propaganda. The correspondents warn that the USSR has "not backed down one whit," but is maneuvering to soften up American resistance to Soviet policy.

Lectures for Soviet officers in Bucharest--US Delegation ACC Bucharest has learned [redacted]

[redacted] that Soviet officers who are Communist Party members are attending a series of lectures in Bucharest which have recently included the following subjects: (a) the "Profintern" in the struggle for world revolution; (b) operations of British and US "trusts" against the USSR; (c) socialization of Europe by 1950, a step toward communization of the world; (d) stages of the entry of the Balkan countries into the USSR. (The "Profintern," a Communist-sponsored and Moscow-directed international trade union organization, apparently has been dormant for some years; this suggests the possibility that it is to be re-activated.)

6. BULGARIA: Veltchev appointed Minister to Switzerland--Acting US Representative Rewinkel has been informed that Zveno War Minister Veltchev (who has been on "sick leave" since August as a result of the Communist purge of the Army; see Daily Summary of 8 August, item 7) has been appointed Bulgarian Minister to Switzerland. Rewinkel reports a general belief that Prime Minister Georgiev obtained Veltchev's appointment as his price for full support of Communist plans.

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NEAR EAST-AFRICA

7. **IRAN:** British statement sought to quiet rebels--US Ambassador Allen has been told by a close associate of Qavam that current difficulties in southern Iran could be settled quickly if the British Government would deny the accusation of British machinations in southern Iran and notify the tribes that they would receive no aid from Britain. The British Ambassador has informed Allen that he is in favor of such a public statement and that Bevin is already probably preparing one for the House of Commons. The Ambassador also stated that all British Consuls had instructions to inform the tribes they could expect no British help. Allen is inclined to believe that the revolt will stop if Bevin makes a public statement.

FAR EAST

8. **JAPAN:** Repatriation from Soviet areas--SCAP has accepted a Soviet offer to begin repatriation of Japanese prisoners of war and civilians from the USSR, including Sakhalin and the Kuriles, and has agreed to provide the necessary number of ships to evacuate personnel at the rate of 10,000 to 15,000 a month from a Siberian port and 7,000 to 10,000 a month from Southern Sakhalin.
9. **INDIA:** Jinnah expected to join Government--US Military Attache New Delhi believes that Jinnah will join the Government before the opening of the Constituent Assembly on December 9. US Charge London reports, however, that the British India Office does not believe chances are very bright at the moment for full Moslem participation in drawing up a constitution, without which the British cannot quit India.

THE AMERICAS

10. **PANAMA:** Crittenberger objects to defense site draft--General Crittenberger, US Commander in the Caribbean, reports that he has requested Ambassador Hines to defer presentation to the Panamanian Government of a proposed draft note on the defense site question. Crittenberger objects to the note because it envisages (a) termination of the existing agreement without adequate guarantees of US rights pending a new agreement, and (b) a US-Panamanian joint commission to supervise further study of Panama Canal defense.